

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO, as representative of

THE COMMONWEALTH OF PUERTO
RICO, *et al.*

Debtors,¹

PROMESA
Title III

No. 3:17-BK-3283-LTS
(Jointly Administered)

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOUARD FOR PUERTO RICO,

as a representative of

PUERTO RICO HIGHWAYS AND
TRANSPORTATION AUTHORITY,

Debtor.

PROMESA
Title III

No. 3: 17-BK-03567 (LTS)

RE: ECF No. 2247

**This motion relates only to HTA
and shall be filed in the lead Case
No. 17 BK 3283-LTS and Case
No. 17 BK 3567-LTS.**

**OPOSITION TO JOINDER OF FINANCIAL GUARANTY INSURANCE COMPANY
(ECF. NO. 2277) TO NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION'S
RULE 2004 MOTION IN ECF NO. 2247**

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); and (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

COMES NOW, the Government Development Bank for Puerto Rico (“GDB”), *through a special appearance and without submitting itself to the jurisdiction of the Court,*² through the undersigned counsel and hereby states as follows:

1. On January 16, 2018, National Public Guarantee Corporation (“National”) filed the *Motion of National Public Finance Guarantee Corporation for Entry of an Order under Bankruptcy Rule 2004 Authorizing Limited Discovery of the Government Development Bank for Puerto Rico*, and its *Notice of Hearing* in Docket Nos. 2247 and 2250 (herein, “National Motions”), seeking discovery from GDB under Rule 2004 of the Federal Rules of Bankruptcy Procedure. Docket Nos. 2247 and 2250. The discovery sought by National *only* relates to documents and communications regarding to the account titled Puerto Rico State Infrastructure Bank account, as it relates to the Puerto Rico Highway and Transportation Authority Subordinated Transportation Revenue Bonds (Series 1998) (“PR SIB Account - 1998 Subordinated Transportation Revenue Bonds”). See Docket No. 2247 at Exhibit A.

2. On January 23, 2018, GDB moved the Court for an extension of time to exhaust meet and confer efforts with National and, alternately, to submit its Objection to National Motions. Docket No. 2276. On January 24, 2018, the motion was granted in part and GDB was ordered to file any objections to the National Motions by today. Docket No. 2285.

3. On January 23, 2018, Financial Guaranty Insurance Company (“Financial”) filed a joinder to the National Motions. Docket No. 2277. The joinder alleges that Financial provides financial guaranty insurance covering principal amount of bonds issued by the Commonwealth of Puerto Rico and the Puerto Rico Highways and Transportation Authority (“PRHTA”). The

² GDB makes this special appearance solely to seek this extension and to oppose the National Motions (as defined below). GDB is not a Title III debtor and is not a party in interest to the captioned proceedings and other than as relates to the request directed at it, has no interest in these proceedings.

joinder concedes that Financial **DOES NOT** insure the 1998 Subordinated Transportation Revenue Bonds, which are the bonds that are allegedly secured by the funds in the PR SIB Account - 1998 Subordinated Transportation Revenue Bonds, as to which National claims a right to discovery, but contends that Financial “likewise seeks discovery of GDB with respect to the PR SIB Trust Fund, *and* the existence, history and status of any other escrow or trust funds securing bonds issued by PRHTA.” See Docket No. 2277 at ¶ 2 (emphasis in the original).

4. Joinder should be denied. First, Financial has not even attempted to meet and confer with GDB with respect to *any* proposed discovery under Rule 2004 in clear violation of Local Bankruptcy Rule 2004-1. Second, Financial admits that it does not have an interest in the PR SIB Account - 1998 Subordinated Transportation Revenue Bonds, which is the subject of the discovery sought by National in the National Motions. Third, to the extent that Financial now seeks additional discovery as to “the existence, history and status of any other escrow or trust funds securing bonds issued by PRHTA” through a joinder to National’s Motions, such a request is procedurally improper.

5. Admittedly, Financial has no interest in the discovery sought by National and, its now proposed unrelated discovery as to the existence of alleged unspecified escrow or trust fund accounts at GDB, is not only unreasonably broad and cumbersome, but completely unrelated to the inquiry before the Court. A Rule 2004 inquiry is premised on a showing of good cause for the proposed examination. See, e.g. In re AOG Entm’t, Inc., 558 B.R. 98, 108 (Bankr. S.D.N.Y. 2016); In re Youk-See, 450 B.R. 312, 319-20 (Bankr. D. Mass 2011). Financial has not shown any cause— much less a good one — for the examination sought by National. Joinder should be denied without further consideration.

6. Lastly, today, National and GDB have moved the Court to hold the National Motions in abeyance as a result of an agreement reached between the parties with respect to the discovery sought by National. Docket No. 2306. The parties have likewise requested that the National Motions be excluded from the matters to be discussed in the February 7, 2018 omnibus hearing. Therefore, to the extent that the Court does not outright deny Financial's request for joinder, the request for joinder should be held in abeyance as well.

WHEREFORE, GDB respectfully request this Honorable Court to deny the Joinder sought by Financial.

IT IS HEREBY CERTIFIED that a true copy of this document has been filed with the Clerk of the Court electronically using the CM/ECF system, which automatically serves notification of the filing to parties in interest.

Dated: January 30, 2018
San Juan, Puerto Rico

LAW OFFICES OF GISELLE LÓPEZ SOLER

PMB 257
Rd. 19 1353
Guaynabo, Puerto Rico 00966
Tel. (787) 667-0941
Email gls@lopezsolerlaw.com

/s/ GISELLE LÓPEZ SOLER
Giselle López Soler
USDC No. 224010

Attorneys for the Government Development Bank for Puerto Rico